

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 398)

Website: <http://www.orientalwatch.com>

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

- Turnover decreased 5.2% to HK\$3,450 million
- Profit attributable to owners of the Company was HK\$200 million
- Earnings per share was 41.14 HK cents
- Final dividend of 4.2 HK cents per share
- Special dividend of 12.5 HK cents per share

The Board of Directors of Oriental Watch Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2025 together with the comparative figures for the corresponding year in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	3,449,857	3,638,758
Cost of goods sold		<u>(2,364,120)</u>	<u>(2,488,028)</u>
Gross profit		1,085,737	1,150,730
Other income	4	57,415	49,223
Other gains and losses	5	3,731	(3,854)
Reversal of impairment losses (impairment losses recognised) under expected credit loss (“ECL”) model, net — trade receivables		3,077	(3,559)
Impairment losses recognised on property, plant and equipment and right-of-use assets		(25,403)	—
Distribution and selling expenses			
— Expenses related to leases		(201,345)	(189,552)
— Other distribution and selling expenses		(363,007)	(353,950)
Administrative expenses		(233,664)	(253,206)
Finance costs		(11,768)	(13,663)
Share of results of associates		21,957	16,578
Share of results of joint ventures		<u>(175)</u>	<u>(2,273)</u>
Profit before taxation	6	336,555	396,474
Income tax expense	7	<u>(136,064)</u>	<u>(145,324)</u>
Profit for the year		<u>200,491</u>	<u>251,150</u>
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”)		2,885	(4,565)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(12,578)	(64,378)
Reclassification of cumulative translation reserve upon deregistration of a foreign operation		<u>—</u>	<u>497</u>
Other comprehensive expense for the year		<u>(9,693)</u>	<u>(68,446)</u>
Total comprehensive income for the year		<u><u>190,798</u></u>	<u><u>182,704</u></u>

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		200,496	250,488
Non-controlling interests		<u>(5)</u>	<u>662</u>
		<u>200,491</u>	<u>251,150</u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		190,852	182,093
Non-controlling interests		<u>(54)</u>	<u>611</u>
		<u>190,798</u>	<u>182,704</u>
Earnings per share			
Basic	9	<u>41.14 HK cents</u>	<u>51.40 HK cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2025

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		194,213	248,761
Right-of-use assets	<i>10</i>	171,799	238,132
Investment properties		34,765	35,155
Deposits for acquisition of property, plant and equipment		7,774	360
Interests in associates		70,976	64,873
Interests in joint ventures		26,853	21,831
Equity instruments at FVTOCI		30,720	27,835
Financial assets at fair value through profit or loss (“FVTPL”)		19,806	18,695
Loan receivables	<i>12</i>	—	54,260
Deferred tax assets		8,276	6,864
Property rental deposits		22,062	34,023
Long-term bank deposits		2,187	—
		589,431	750,789
Current assets			
Inventories	<i>11</i>	466,304	442,997
Loan receivables	<i>12</i>	65,930	21,988
Trade and other receivables	<i>13</i>	243,330	254,065
Financial assets at FVTPL		11,807	12,226
Amount due from a joint venture		20,911	—
Taxation recoverable		9,719	6,776
Cash and cash equivalents		836,081	898,634
		1,654,082	1,636,686
Current liabilities			
Trade and other payables	<i>14</i>	229,138	253,132
Contract liabilities		2,947	6,868
Lease liabilities		83,554	132,560
Taxation payable		31,352	36,390
		346,991	428,950
Net current assets		1,307,091	1,207,736
Total assets less current liabilities		1,896,522	1,958,525

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	30,038	28,693
Lease liabilities	111,702	133,865
	<u>141,740</u>	<u>162,558</u>
Net assets	<u>1,754,782</u>	<u>1,795,967</u>
Capital and reserves		
Share capital	48,736	48,736
Reserves	1,704,303	1,745,434
Equity attributable to owners of the Company	1,753,039	1,794,170
Non-controlling interests	1,743	1,797
Total equity	<u>1,754,782</u>	<u>1,795,967</u>

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Oriental Watch Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and acts as an investment holding company as well as engaged in watch trading. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary user. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's operation is principally sales of watches. The Group's revenue represents consideration received or receivable from sales of watches.

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance is analysed based on the geographical markets of the goods sold, which is consistent with the basis of the Group's organisation for managing the business operations.

Specifically, the Group had three operating segments, being (a) Hong Kong, (b) the People's Republic of China (the "PRC") and (c) Macau. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Sales of watches (revenue recognised at a point in time)

For sales of watches, revenue is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail shop, including self-operating shops and the shops at department stores. Payment of the transaction price is due immediately at the point the customer purchases the goods. A credit period of not more than 30 days is granted to department stores who receive the payment on behalf of the Group at the point the customer purchases the goods.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied contracts is not disclosed.

The following is an analysis of the Group's segment revenue and results by operating segments:

	Segment revenue —		Segment (loss) profit	
	recognised at			
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	757,034	943,518	(57,077)	35,644
The PRC	2,617,485	2,570,663	462,553	471,223
Macau	75,338	124,577	(83)	17,327
	<u>3,449,857</u>	<u>3,638,758</u>	<u>405,393</u>	<u>524,194</u>
Unallocated other income			25,853	29,439
Unallocated corporate expenses			(119,435)	(166,301)
Unallocated other gains and losses			4,020	(5,163)
Interest on bank loan			(1,058)	—
Share of results of associates			21,957	16,578
Share of results of joint ventures			(175)	(2,273)
Profit before taxation			<u>336,555</u>	<u>396,474</u>

Segment (loss) profit represents the (loss) profit before taxation earned by each segment without allocation of share of results of associates and joint ventures, interest on bank loan, unallocated other income, unallocated other gains and losses, and unallocated corporate expenses. Unallocated corporate expenses include auditor's remuneration, directors' emoluments, expenses of the Group's headquarter which are unallocated between the operating segments and operating expenses of inactive companies. This is the measure reported to the CODM of the Group for the purposes of resources allocation and performance assessment.

The Group has no customer who contributed over 10% of the total revenue of the Group for any of the years ended 31 March 2025 and 2024.

All segment revenue is generated from external customers for both years.

The following is an analysis of the Group's assets and liabilities by operating segments.

	Segment assets		Segment liabilities	
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	513,729	552,601	154,736	192,313
The PRC	548,532	592,454	145,928	155,920
Macau	43,217	72,698	10,293	48,339
	<hr/>	<hr/>	<hr/>	<hr/>
Segment total	1,105,478	1,217,753	310,957	396,572
Unallocated	1,138,035	1,169,722	177,774	194,936
	<hr/>	<hr/>	<hr/>	<hr/>
Group's total	<u>2,243,513</u>	<u>2,387,475</u>	<u>488,731</u>	<u>591,508</u>

The segment assets by location of assets are the same as by location of markets of the goods sold.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investment properties, interests in associates, interests in joint ventures, equity instruments at FVTOCI, financial assets at FVTPL, loan receivables, deferred tax assets, long-term bank deposits, amount due from a joint venture, taxation recoverable, cash and cash equivalents, and other unallocated corporate assets; and
- all liabilities are allocated to operating segments other than taxation payable, deferred tax liabilities, and other unallocated corporate liabilities.

Other segment information

Amounts included in the measure of segment results or segment assets:

	2025				2024			
	Hong Kong HK\$'000	The PRC HK\$'000	Macau HK\$'000	Segment and Group's total HK\$'000	Hong Kong HK\$'000	The PRC HK\$'000	Macau HK\$'000	Segment and Group's total HK\$'000
Additions of property, plant and equipment	5,719	7,519	106	13,344	24,096	31,368	59	55,523
Additions of right-of-use assets	57,943	33,445	12,985	104,373	36,021	71,125	–	107,146
Gain on leases termination/modification	–	1,228	1,672	2,900	784	2,696	–	3,480
Depreciation of property, plant and equipment	(32,088)	(21,943)	(89)	(54,120)	(34,185)	(16,217)	(87)	(50,489)
Depreciation of right-of-use assets	(71,701)	(29,322)	(4,408)	(105,431)	(80,270)	(26,780)	(14,964)	(122,014)
(Loss) gain on disposal/written off of property, plant and equipment	–	(839)	–	(839)	(636)	240	–	(396)
Impairment losses recognised on property, plant and equipment	(11,174)	–	–	(11,174)	–	–	–	–
Impairment losses recognised on right-of-use assets	(14,229)	–	–	(14,229)	–	–	–	–
Impairment losses reversed (recognised) under ECL model – trade receivables	–	3,077	–	3,077	–	(3,559)	–	(3,559)
Reversal of allowance (allowance) for inventories	7,278	521	1,158	8,957	(3,879)	(1,011)	1,485	(3,405)
	7,278	521	1,158	8,957	(3,879)	(1,011)	1,485	(3,405)

Note: The amounts of interests in associates and share of results of associates, and the interests in joint ventures and share of results of joint ventures, are presented to the CODM as a whole but not included in the measure of segment profit or loss or segment assets.

Information about the Group's non-current assets (excluding financial instruments, deferred tax assets, interests in associates and interests in joint ventures) by geographical location of the assets is detailed below:

	Carrying amount of non-current assets	
	2025 HK\$'000	2024 HK\$'000
Hong Kong	259,346	325,322
The PRC	96,732	115,004
Macau	17,708	46,927
Other	34,765	35,155
	408,551	522,408

4. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income from bank	14,183	20,793
Interest income from loan receivables at amortised cost	11,670	9,528
Interest income from rental deposits	1,158	1,096
Government subsidies (<i>note</i>)	21,426	9,487
Rental income	2,415	1,179
Others	6,563	7,140
	<u>57,415</u>	<u>49,223</u>

Note: During the years ended 31 March 2025 and 2024, the Group recognised government grants in respect of unconditional subsidies received for subsidising the Group's business in the PRC.

5. OTHER GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Changes in fair value of loan receivables at FVTPL	1,249	3,442
Changes in fair value of financial assets at FVTPL	901	(2,038)
Changes in fair value of investment properties	(79)	259
Loss on deregistration of a subsidiary	–	(497)
Loss on disposal of partial interests in associates	–	(7,554)
Gain on leases termination/modification	2,900	3,480
Loss on disposal/written off of property, plant and equipment	(839)	(396)
Net exchange (losses) gains	(831)	282
Others	430	(832)
	<u>3,731</u>	<u>(3,854)</u>

6. PROFIT BEFORE TAXATION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Directors' remuneration	89,365	111,787
Other staff costs	178,971	169,648
Other staff's retirement benefits scheme contributions	4,832	4,547
	<u>273,168</u>	<u>285,982</u>
Total staff costs		
Impairment losses recognised related to the retail shops		
– property, plant and equipment	11,174	–
– right-of-use assets	14,229	–
Auditor's remuneration	3,600	3,600
Cost of inventories recognised as expense (including reversal of allowance for inventories of HK\$8,957,000 (2024: allowance for inventories of HK\$3,405,000))	2,364,120	2,488,028
Depreciation of property, plant and equipment	54,120	50,489
Depreciation of right-of-use assets	105,431	122,014
	<u>105,431</u>	<u>122,014</u>

7. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax:		
Hong Kong	92	1,788
PRC Enterprise Income Tax	115,617	119,864
Other jurisdictions	9	2,556
Withholding tax on dividend income from associates	2,766	2,337
Withholding tax on dividend income from subsidiaries	16,502	15,017
	<u>134,986</u>	<u>141,562</u>
(Over) under provision in prior years:		
Hong Kong	(16)	2,475
Other jurisdictions	1,167	1,211
	<u>1,151</u>	<u>3,686</u>
Deferred taxation (credit) charge	<u>(73)</u>	<u>76</u>
	<u><u>136,064</u></u>	<u><u>145,324</u></u>

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, after setting off of tax losses brought forward, if any.

Taxation in other jurisdictions mainly represent Macau SAR Complementary Tax, which is calculated at the rate of 12% on the estimated assessable profits for both years.

8. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividends recognised as distribution during the year:		
Interim dividend for financial year ended 31 March 2025 of 6.1 HK cents (2024: 7.0 HK cents) per share on 487,358,224 (2024: 487,358,224) shares	29,729	34,115
Interim special dividend for financial year ended 31 March 2025 of 18.5 HK cents (2024: 21.5 HK cents) per share on 487,358,224 (2024: 487,358,224) shares	90,161	104,782
Final dividend for financial year ended 31 March 2024 of 5.8 HK cents (2023: 7.5 HK cents) per share on 487,358,224 (2023: 487,358,224) shares	28,267	36,552
Special dividend for financial year ended 31 March 2024 of 17.2 HK cents (2023: 22.0 HK cents) per share on 487,358,224 (2023: 487,358,224) shares	83,826	107,219
	231,983	282,668
Dividends proposed after year end (<i>note</i>):		
Proposed final dividend for financial year ended 31 March 2025 of 4.2 HK cents (2024: 5.8 HK cents) per share on 487,358,224 (2024: 487,358,224) shares	20,469	28,267
Proposed special dividend for financial year ended 31 March 2025 of 12.5 HK cents (2024: 17.2 HK cents) per share on 487,358,224 (2024: 487,358,224) shares	60,920	83,826
	81,389	112,093

Note: Subsequent to the end of the reporting period, a final dividend and a special dividend for the year ended 31 March 2025 have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	<u>200,496</u>	<u>250,488</u>
	2025 <i>'000</i>	2024 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>487,358</u>	<u>487,358</u>

For both years, no diluted earnings per share have been presented as there were no potential ordinary shares outstanding for the years.

10. RIGHT-OF-USE ASSETS

	Leased properties <i>HK\$'000</i>
As at 31 March 2025	
Carrying amount	<u>171,799</u>
As at 31 March 2024	
Carrying amount	<u>238,132</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Expenses related to leases		
Expenses relating to short-term leases	37,020	20,329
Variable lease payments not included in the measurement of lease liabilities	72,340	59,400
Depreciation for the year	<u>105,431</u>	<u>122,014</u>
	<u>214,791</u>	<u>201,743</u>

Analysed as:

Distribution and selling expenses	201,345	189,552
Administrative expenses	<u>13,446</u>	<u>12,191</u>
	<u>214,791</u>	<u>201,743</u>

11. INVENTORIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Watches	445,196	438,663
Accessories and parts	<u>21,108</u>	<u>4,334</u>
	<u>466,304</u>	<u>442,997</u>

12. LOAN RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loan receivables at amortised cost	65,930	54,260
Loan receivables at FVTPL	<u>–</u>	<u>21,988</u>
	<u>65,930</u>	<u>76,248</u>

The following is the maturity profile of the loan receivables at the end of the reporting period:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Repayable after one year	–	54,260
Repayable within one year	<u>65,930</u>	<u>21,988</u>
	<u>65,930</u>	<u>76,248</u>

13. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 <i>HK\$'000</i>
Trade receivables	198,773	227,114
Less: Allowance for credit losses	<u>(4,766)</u>	<u>(7,872)</u>
	194,007	219,242
Property rental and other deposits	35,731	21,869
Advances to suppliers	1,058	5,433
Others	<u>12,534</u>	<u>7,521</u>
	<u>243,330</u>	<u>254,065</u>

As at 1 April 2023, trade receivables from contract with customers, net of allowance for credit losses, amounted to HK\$262,508,000.

The Group maintains a general credit policy of not more than 30 days for its retail sales in department stores. Sales made to retail customers are mainly made on a cash basis. The following is an aged analysis of trade receivables net of allowance for credit losses based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 <i>HK\$'000</i>
<u>Age</u>		
0 to 30 days	129,587	136,433
31 to 60 days	20,638	14,920
61 to 90 days	22,778	19,012
Over 90 days	<u>21,004</u>	<u>48,877</u>
	<u>194,007</u>	<u>219,242</u>

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$64,420,000 (2024: HK\$82,809,000) which are past due as at the reporting date. Out of the past due balances, HK\$6,230,000 (2024: HK\$32,339,000) has been past due 90 days or more. These balances are not considered as in default because historical experience indicated that such receivables could be recoverable from the relevant debtors. The Group does not hold any collateral over these balances.

14. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	25,571	34,927
Payroll and welfare payables	100,083	110,957
Commission payables	45,181	53,639
Renovation work payables	2,344	6,237
PRC value added tax and other taxes payables	24,514	24,142
Property rental fee payables	11,519	11,339
Others	19,926	11,891
	<u>229,138</u>	<u>253,132</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

<u>Age</u>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 60 days	24,090	32,626
61 to 90 days	33	39
Over 90 days	1,448	2,262
	<u>25,571</u>	<u>34,927</u>

The average credit period on purchases of goods is 30 days.

15. SHARE-BASED PAYMENT TRANSACTION

The Company has share award scheme for eligible directors and employees of the Company or its subsidiaries.

On 27 June 2022 (the “Adoption Date”), the Company adopted the employees’ share award scheme (the “2022 Share Award Scheme”). Pursuant to the 2022 Share Award Scheme, it shall be valid and effective for a term of 10 years commencing from the Adoption Date. Under the 2022 Share Award Scheme, any employee, executive, officer, or director of the Company or of any subsidiary is eligible for participation in the scheme. The purposes and objectives of the 2022 Share Award Scheme are to recognise and motivate the contributions by certain eligible persons and to provide them with incentives in order to retain them for the continual operation and development of the Group and to help the Group in attracting and recruiting suitable personnel as additional employees to further the operation and development of the Group, and to provide the eligible persons with a direct economic interest in attaining the long-term business objectives of the Group. The board of directors shall not make any further award which will result in: (i) the number of shares awarded by the board under the scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date; or (ii) the number of the shares held by public shareholders falls below the minimum percentage as prescribed under the Listing Rules. The maximum number of shares which may be awarded to each selected person under the scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

Under such scheme, there is no provision on (a) the vesting period of awards to be granted; and (b) the amount payable on application or acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid. All these are subject to the discretion of the board of directors of the Company on the granting of an award under such scheme. For further details of the principal terms of the 2022 Share Award Scheme, please refer to the Company’s announcement on 27 June 2022.

The total number of awards available for grant under the 2022 Share Award Scheme was 48,735,822 shares both as at 1 April 2024, 31 March 2025 and 19 June 2025, representing 10% of the issued share capital of the Company as at the date of this announcement. No share award has been granted under the 2022 Share Award Scheme since the Adoption Date.

During the years ended 31 March 2025 and 2024, no share-based payment expense was recognised in relation to the 2022 Share Award Scheme.

DIVIDENDS

The directors proposed to pay a final dividend of 4.2 Hong Kong cents per share for the year ended 31 March 2025 (2024: 5.8 Hong Kong cents) and a special dividend of 12.5 Hong Kong cents per share (2024: 17.2 Hong Kong cents) to the shareholders whose names appear on the register of members of the Company on 8 October 2025. Subject to approval at the forthcoming annual general meeting, dividend warrants will be sent to shareholders on or before 23 October 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 September 2025 to 8 October 2025 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 26 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

On behalf of the Board of Directors (the "Board") of Oriental Watch Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I hereby present you the audited consolidated results of the Group for the year ended 31 March 2025 (the "Year").

In 2024, macroeconomic challenges reshaped consumer behaviour in the luxury market. Rising geopolitical tension and fluctuating interest rates fuelled market volatility, straining household finances and curbing spending. A sustained property sector slump in major economies eroded household wealth, together with rising unemployment, further heightened financial caution, shifting demand to essentials and reshaping luxury purchasing trends. As a result, the Group's performance was adversely impacted, with revenue decreasing by 5.2% year-on-year ("yoy") to HK\$3,450 million (2024: HK\$3,639 million). In line with the decrease in revenue as well as the cost inflation from brand pricing adjustments, gross profit declined by 5.6% yoy to HK\$1,086 million (2024: 1,151 million), with gross profit margin dropping to 31.5% (2024: 31.6%). Profit attributable to owners of the Company decreased by 20.0% yoy to HK\$200 million (2024: HK\$250 million), which was mainly attributable to a one-off impairment charge for impairment loss for right-of-use assets and property, plant and equipment of HK\$25 million and margin pressures from rising operating costs. Excluding the one-off impairment, the adjusted profit attributable to owners of the Company would be HK\$225 million (2024: HK\$250 million).

In recognition of shareholders' continued trust, the Board has resolved to recommend a final dividend of 4.2 HK cents per share (2024: 5.8 HK cents) and a special dividend of 12.5 HK cents per share (2024: 17.2 HK cents) for the year ended 31 March 2025. This decision underscores the Board's confidence in the Group's resilient business model, long-term strategy, and dedication to shareholder value.

Business Review

As at 31 March 2025, the Group operated 41 retail points (including associate retail stores) in the Greater China region, along with 1 online store in each of Mainland China and Hong Kong respectively. Breakdown of retail points by geographic region is as follows:

	As at 31 March 2025
Hong Kong	11
Macau	2
Mainland China	26
Taiwan	<u>2</u>
Total	<u><u>41</u></u>

In terms of Mainland China market, GDP growth moderated from 5.3% in Q1 to 4.6% in Q3 2024 but rebounded strongly to 5.4% yoy in Q4 to achieving the Central Government's annual target of 5.0%, while in particular, the high-end luxury watches market were affected due to their sensitivity to consumer sentiment, showcasing the volatile market environment in 2024. According to the Federation of the Swiss Watch Industry FH, Swiss watch exports to China experienced a sharp drop of 25.8% yoy in 2024, highlighting the industry-wide challenges. Although the China GDP rebounded in Q4 2024 with government stimulus measures, these were insufficient to offset the luxury market's downturn in the short term. However, despite the aforementioned challenging market, the Group continued to focus on client retention and establishing boutique stores to further enhance service quality, led to a modest revenue increase of 1.8% to HK\$2,617 million (2024: HK\$2,571 million) for the Group's Mainland China operation.

In Hong Kong, the shifting consumption patterns, strong Hong Kong dollars and slow tourism recovery have continued to put pressure on the retail market. According to the Hong Kong Census and Statistics Department, total retail sales for 2024 declined by 7.3% yoy in value to approximately HK\$377 billion, a sharp reversal from the 16.2% growth in 2023. It is worth noting that the retail sales of jewellery, watches, clocks, and valuable gifts experienced a stronger decline of 14.5% yoy during 2024. Affected by the market sentiment, revenue of the Group's Hong Kong operations decreased by 19.8% to HK\$757 million (2024: HK\$944 million).

The Group continues to place strong emphasis on prudent cost management and operational efficiency, with particular focus on rental expenses, which represent a majority of its expenses. The Group prioritises quality over quantity, strategically closing high-rent yet underperforming stores. At the same time, the Group continues to collaborate with brands to establish boutique stores in premium locations. With the opening of new stores opening and the higher turnover rent in line with the increase in sales from the Mainland China operations, the Group's aggregated expenses related to lease increased by 6.4% yoy to HK\$215 million, accounting for 26.5% of the overall operating expenses (2024: 24.9%).

Alongside managing rental fees, inventory control is a cornerstone of the Group's financial strategy. The Group has adopted a disciplined replenishment policy for high-ticket products, only restocking when the inventory falls below predefined thresholds. However, with the establishment of new boutique stores, inventory levels slightly increased by 5.2% yoy to HK\$466 million (2024: HK\$443 million). Nevertheless, the inventory position has improved since mid-year, demonstrating the Group's ongoing efforts to align stock levels with market demand while preserving liquidity.

Prospects

As 2025 progresses into its second half, ongoing market uncertainty is likely to continue affecting the luxury watch industry. According to the Federation of the Swiss Watch Industry FH, the amounts of Swiss watch exports to Mainland China and Hong Kong have continued to decline by 22.5% yoy and 11.9% yoy, respectively, in the first quarter of 2025, reflecting the broader economic challenges, painting a cautious market outlook for the near future. Despite these headwinds, the Group remains focused on optimising its store network and operational efficiency to elevate service quality and brand recognition. The Group will also strengthen landlord relationships to secure favourable lease terms. While vigilantly monitoring geopolitical and tariff risks, which currently have minimal operational impact, the Group will maintain prudent cost management.

By enhancing service quality and leveraging its robust brand portfolio, the Group is well-positioned to navigate evolving market dynamics. The Board remains committed to balancing growth, ensuring premium services and sustainable shareholder returns amid industry challenges.

FINANCIAL REVIEW

Liquidity and financial resources

At 31 March 2025, the Group's total equity reached HK\$1,755 million, compared with HK\$1,796 million as at 31 March 2024. The Group had net current assets of HK\$1,307 million, including bank and cash balances of HK\$836 million as at 31 March 2025, as compared with balances of HK\$1,208 million and HK\$899 million respectively as at 31 March 2024. At 31 March 2025 and 2024 the Group had no bank loan and the gearing ratio (defined as total bank loan on total equity) was nil.

Management considers that the financial position of the Group is healthy with adequate funds and unused banking facilities.

Foreign exchange exposure

The Group's sales and purchase transactions are primarily denominated in Hong Kong dollars and Renminbi. The Group does not face any significant risk from exposure to foreign exchange fluctuations.

HUMAN RESOURCES

As at 31 March 2025, our Group employed approximately 581 employees in Hong Kong, Macau and Mainland China, of whom approximately 62% were based in Mainland China.

Our employees' compensation packages include basic salary, commission, annual bonus, medical insurance and other common benefits. They are structured by reference to the nature of their posts, experiences and performance, and are reviewed annually based on the Group's objective performance appraisal system.

The Group has allocated significant resources to provide training programmes to employees to improve their services to customers. The management team has used results of a "Mystery Shoppers Programme" conducted by an independent consultancy firm to tailor-made training programmes for specific shop and at individual level.

The Group has also developed a series of training programmes for senior executives with diverse topics ranging from leadership, personal development and effectiveness, task and team management. These programmes enable our senior executives to improve their management skills and bring in innovative ideas to the Group.

The Company has adopted a share award scheme relating to award of shares of the Company purchased by the trustee or the administration committee of such scheme out of fund paid by the Company to eligible persons including directors and employees of the Group. The scheme enables the Group to offer valuable incentive to attract and retain quality personnel and other persons to work to increase the value of the shares of the Company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 March 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions of the Corporate Governance Code ("CG Code") set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2025, except the following deviations:

1. Under Code Provision C.2.1, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. However, such roles have been taken up by Mr. Yeung Him Kit, Dennis since 10 February 2021 after Dr. Yeung Ming Bui, the Company's former chairman, passed away as the Board considers that he is the most suitable person with the necessary experience to provide leadership to the Board as well as to manage the day-to-day operations of the Group.

2. For Code provision F.1.1 which relates to disclosure of dividend policy, the Company does not have a dividend policy and the Board will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Group's operating results, business plans and prospects, financial position and working capital requirements, and other factors that the Board considers relevant.
3. Upon the passing away of Dr. Li Sau Hung, Eddy on 25 March 2024, the Company did not have (i) at least three independent non-executive directors as required under Rule 3.10(1) of the Listing Rules; (ii) a minimum of three members in its audit committee as required under Rule 3.21 of the Listing Rules; (iii) an independent non-executive director as the chairman of its remuneration committee and a majority of such committee's members being non-executive directors as required under Rule 3.25 of the Listing Rules; and (iv) a majority of independent non-executive directors in its nomination committee as required under Rule 3.27A of the Listing Rules. The requirements of such rules have been complied with upon the appointment of Mr. Sin Nga Yan, Benedict as an independent non-executive director of the Company and changes in membership of the above-mentioned committees on 12 June 2024 as announced on the same date.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made with all directors as at 31 March 2025 and all such directors have confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2025.

AUDIT COMMITTEE

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of audited consolidated financial statements for the year ended 31 March 2025.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2025 have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting will be held on 20 August 2025. Notice of the Annual General Meeting will be published and dispatched to the shareholders in due course.

PUBLICATION OF FINAL RESULTS AND DISPATCH OF ANNUAL REPORT

The final results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at (www.hkex.com.hk) and the Company at (www.orientalwatch.com). The 2025 annual report containing all information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course in accordance with the Listing Rules.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yeung Him Kit, Dennis (Chairman), Madam Yeung Man Yee, Shirley and Mr. Lam Hing Lun, Alain as executive directors and Mr. Choi Man Chau, Michael, Mr. Sun Dai Hoe, Harold and Mr. Sin Nga Yan, Benedict as independent non-executive directors.

By order of the Board
Yeung Him Kit, Dennis
Chairman

Hong Kong, 19 June 2025